

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

**FROM: WELDON STUTZMAN
DEPUTY ATTORNEY GENERAL**

DATE: MARCH 25, 2013

**SUBJECT: IDAHO POWER'S APPLICATION TO IMPLEMENT FIXED COST
ADJUSTMENT RATES EFFECTIVE JUNE 1, 2013 THROUGH MAY 31,
2014, CASE NO. IPC-E-13-06**

On March 15, 2013, Idaho Power Company filed an Application to implement Fixed Cost Adjustment (FCA) rates for electric service effective June 1, 2013 through May 31, 2014. The FCA is a mechanism to allow Idaho Power to separate a portion of revenue to pay fixed costs from its volumetric energy sales, it provides symmetry through a surcharge or credit when fixed-cost recovery per customer varies above or below a Commission-established base. The FCA rates are identified in tariff Schedule 54 and are applicable to the residential and small general service customer classes.

The FCA mechanism functions by first identifying an authorized fixed-cost recovery amount for the residential and small general service customer classes. This amount is a product of the actual number of customers in each class multiplied by the fixed-cost per customer rate, which is established as part of determining the Company's revenue requirement in its most recent general rate case. The authorized recovery amount is then compared to the amount of fixed costs actually recovered by the Company, which is determined by multiplying the weather-normalized sales for each class by the fixed-cost per energy rate, also established in the Company's most recent rate case. The difference between the authorized fixed-cost recovery amount and the actual fixed costs recovered results in an adjustment each year to the FCA rate.

The Company's Application states there is a 2012 FCA balance of \$8,362,974 for the residential class and \$533,387 for the small general services class, for a total amount to be

recovered of \$8,896,361. The FCA deferral balance is a small decrease below the FCA balance currently collected in customer's rates. Accordingly, the Company proposes an FCA rate decrease of 0.30% for both the residential and small general service customer classes. The decrease equates to a new FCA rate of 0.1770 cents per kWh for the residential class and 0.2262 cents per kWh for the small general service class.

Idaho Power requests that its Application to implement new FCA rates be processed by Modified Procedure. Staff recommends the Commission issue a Notice of Application and Notice of Modified Procedure establishing a 21-day comment period to process the Company's Application.

COMMISSION DECISION

Should the Commission issue a Notice of Application and Notice of Modified Procedure establishing a 21-day comment period to the process the Company's Application?

A handwritten signature in black ink, appearing to read 'W B Stutzman', written over a horizontal line.

Weldon B. Stutzman
Deputy Attorney General

bls/M:IPC-E-13-06_ws